



Payment Terms and Methods

Payment Terms:

1. Supplier payment terms in the CommonSpirit Supplier Master will be updated based on negotiated contract terms.
2. Suppliers/third parties will be paid in accordance with the payment terms in their profile.
 - a. Due dates and payment terms on invoices will not be overridden, unless beneficial to CommonSpirit.
3. In the absence of contract terms, payment terms will be based on the payment method selected by the supplier. In general, the payment terms are as follows:
 - a. Net 30 or earlier - for suppliers in the CommonSpirit card program
 - b. Net 45 - for suppliers that elected ACH payments
 - c. Net 60 - for suppliers that elected Check payments
4. Early payments may be issued for suppliers that will accept card payments or provide significant early payment discounts. These will be handled on a case by case basis.
5. Local facilities may not negotiate payment terms that do not align with CommonSpirit standard payment terms. Any deviations from standard payment terms will need to be reviewed by the CommonSpirit Contracts and AP teams.

Payment Methods:

1. In the absence of negotiated contract terms, invoices will be paid in accordance with the following payment methods selected by the supplier. Invoices will be paid in accordance with the CommonSpirit AP payment schedule. Due Dates are calculated based on Invoice Date plus Payment terms.
 - a. Digitized/card payments - include virtual credit card, and virtual payments remitted to suppliers through the CommonSpirit card issuer's financial institution. This payment method will provide the supplier with the most favorable payment term and the added convenience of quick settlements and direct receivable postings with minimal manual intervention. Every effort will be made by the organization to drive suppliers to digitized/card payments.
 - b. Electronic payments - include electronic payments that follow the standard ACH clearing process and payment window and the supplier's bank processing schedule. The payment term for this payment method is less favorable compared to

- digitized/card payments. In addition, supplier bank accounts must pass CommonSpirit banking validations in order to receive ACH payments.
- c. Checks (see check requirements below) - this provides the supplier with the least favorable payment term. In general, check payments are normally selected by small or ad hoc suppliers who are not willing to accept digitized/card payments or provide bank account information for ACH purposes. Checks are also normally issued for payments that require submission of detailed remittance forms.
 - i. Positive pay files will be generated for all check payments and voided checks, and will be transmitted daily to CommonSpirit's bank. AP will take appropriate action timely on positive pay exceptions.
 - d. Corporate/Purchasing cards - used for limited point of sale purchases that are managed via the CommonSpirit Travel and Expense system. These purchases are audited for compliance with CommonSpirit Administrative Policy Finance A-004, Employee Business Travel and Expense Reimbursement, and CommonSpirit Administrative Policy Finance A-005, Corporate Card (Corporate, Virtual, and Purchasing Cards).

Returns and Supplier Credits:

1. All credits should be submitted to the CommonSpirit AP Service Center for timely review and processing.
2. Credit memos for returns - CommonSpirit AP will attempt to match the credit memo to the appropriate supplier return. If a return cannot be located, CommonSpirit AP will coordinate required action with the CommonSpirit Purchase Service Center team.
3. Credit memos for invoice corrections/adjustments (e.g., price discrepancies, freight credits, volume rebates) will be reviewed by CommonSpirit AP to allow for proper recording.
4. All credit memos will be entered and taken against open supplier invoices.

Prohibitions and Restrictions:

1. Payments to suppliers/third parties are centralized and will not be issued outside of the CommonSpirit AP service center and AP system.
2. In general, billings for late payment fees will not be processed.
3. Suppliers with bank accounts that fail the banking validation process will receive check payments. Substitute banking information will not be requested for these vendors.
4. Supplier activities will be monitored for compliance with CommonSpirit requirements.
5. Suppliers that fail the monthly monitoring process will be reported to Corporate Responsibility.